

## Message Text

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PAGE 01 BUENOS 01575 092018Z

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ACTION ARA-10

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E.O. 11652: N/A

TAGS: ELAB, PINT, AR

SUBJECT: PRELIMINARY LABOR REACTION TO MONELLI ECONOMIC PLAN

1. PRELIMINARY INDICATIONS ARE THAT LABOR WILL REFUSE TO ACCEDE TO SEVERAL ASPECTS OF MINECONOMY MONDELLI'S ECONOMIC PROPOSALS. FOLLOWING LENGTHY MEETINGS MARCH 5 AND MARCH 8, CGT EXECUTIVE BOARD CALLED FOR MARCH 10 MEETING OF SECRETARIES GENERAL OF AFFILIATED UNIONS AND REGIONAL DELEGATIONS TO FIX LABOR'S OFFICIAL POSITION.

2. REACTION OF WORKERS, HOWEVER, MAKE FINAL DECISION ALMOST FOREGONE CONCLUSION. ON MARCH 8 FACTORY WORKERS IN MANY PROVINCIAL AREAS LAID DOWN TOOLS AND HELD ASSEMBLIES IN PROTEST MONDELLI PLAN. PROTESTS QUICKLY SPREAD TO GREATER BUENOS AIRES AREA. CHRYSLER PLANT WORKERS HOLDING SIT-DOWN STRIKE TODAY (MARCH 9), AND WORKERS' ASSEMBLIES AND PARTIAL STOPPAGES OCCURRING IN MANY OTHER METRO-POLITAN PLANTS. SEVERAL REGIONAL CGT AND 62 ORGANIZATIONS LOCALS, AS WELL AS IMPORTANT NATIONAL LABOR LEADERS, HAVE OPENLY ANNOUNCED THEIR REJECTION OF PLAN. CGT EXECUTIVE BOARD PRUDENTLY DECIDED THAT FINAL DECISION SHOULD REST WITH ENTIRE ORGANIZED LABOR LEADERSHIP RATHER THAN WITH REDUCED NUMBER OF CGT OFFICIALS.

3. MEANWHILE, 62 ORGANIZATIONS LEADER LORENZO MIGUEL IS ENERGETICALLY ATTEMPTING TO OBTAIN LABOR STATEMENT OF SUPPORT FOR ECONOMIC PLAN. HE HAS CALLED URGENT 62 ORGANIZATIONS MEETING FOR TODAY

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PAGE 02 BUENOS 01575 092018Z

IN EFFORT TO MARSHAL SUPPORT FOR MODERATE POSITION. AT THE LEAST,

HE IS ATTEMPTING TO FORESTALL OUTRIGHT REJECTION IN FAVOR OF CRITICAL BUT NEGOTIABLE POSITION BY LABOR LEADERSHIP. GIVEN VIOLENT REACTION BY RANK-AND-FILE, NAY OF WHOM ARE REACTING TO AD-HOC PLANT LEVEL, "STRUGGLE COMMITTEE" LEADERSHIP, AND DEFLECTIONS WITHIN HIS OWN METAL WORKERS UNION, MIGUEL'S PROSPECTS APPEAR DIM.

4. THE MONDELLI EFFORT TO GET BUSINESS TO ACCEDE TO HIS PROGRAM ALSO APPEARS TO BE ENCOUNTERING DIFFICULTIES. ACCORDING TO PRESS, PRICES ARE SOARING AND MANY "CONTROLLED" MARKET-BASKET ITEMS ARE AVAILABLE NOW ONLY FOR PRICES CONSIDERABLY HIGHER THAN THOSE LEGALLY AUTHORIZED. SHORTAGES AND HOARDING ARE REPORTED TO BE INCREASINGLY WIDESPREAD. POLICE HAVE ARRESTED, FINED, AND SHUT DOWN MANY COMMERCIAL ESTABLISHMENTS FOUND GUILTY OF VIOLATING PRICE LEVELS; HOWEVER, THEIR EFFORTS APPEAR INADEQUATE SO FAR TO ENFORCE PRICE ASPECTS OF MONDELLI'S PLAN OR TO SATISFY HARD-PRESSED CONSUMING PUBLIC.

COMMENT. PRESSURE FROM RANK-AND-FILE WILL PROBABLY NOT PERMIT LABOR LEADERSHIP TO CONCUR WITH MONDELLI PLAN EVEN IF IT WAS SO DISPOSED. AT VERY BEST, GOA CAN EXPECT LABOR DEMANDS FOR MAJOR MODIFICATIONS IN PLAN WHICH, IF IMPLEMENTED, WILL PROBABLY TORPEDO ENTIRE POSSIBILITY OF PLAN'S EFFECTIVENESS. IF LORENZO MIGUEL'S EFFORTS ARE NOT SUCCESSFUL, THE LIKELY OUTCOME WOULD BE A FURTHER SPLINTERING OF THE LABOR MOVEMENT AND ANOTHER GOVERNMENT MINISTERIAL CRISIS.  
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